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(54) Incentive award system.

(57) Computer data processing, programming and printing for an improved incentive award program which allocates monetary amounts available for expenditure through credit instruments issued to program participants when the participants perform to a designated level of achievement. Participants identifying information and credit instrument account numbers are stored in memory. The incentive program can be divided into multiple time periods. Levels of performance are calculated and assigned for each participant in order for a monetary amount to be available for expenditure through the participant's credit instrument. Monetary amounts can be withheld from the amounts allocated to the instrument accounts. Adjustments can be made in the withheld amounts and in the achievement levels. Calculations, adjustments and reporting concerning amounts allocated for instrument use, withheld amounts, instrument transactions and account balances are made. Calculations and printed invoices for payment by a financial institution to an incentive company based on the credit instruments issued under the incentive program are made and are dependent upon the monetary volume of expenditures through the credit instruments, the total interest income on the credit instruments, and the number of instruments issued. The tradename or trademark of the company sponsoring the program can appear on the physical credit instruments and on

statements provided to participants. Travel and merchandise awards are integrated with the credit instrument program.

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incentive companies are encouraged to limit the number of items available. This also leads to stocking the same old merchandise over long time periods, which results in the participants having the same boring choices over the years and becoming jaded after a certain degree of exposure to the incentive programs.

Other disadvantages are that the incentive company has to properly maintain warehouse conditions, such as temperature and humidity, to preserve the merchandise, as well as take precautions to prevent theft or fire. Accommodations to receive the goods, stack or arrange them, as well as record their location, their entry and departure, are also needed. Some incentive companies have also found it desirable to maintain a number of warehouses throughout the country for better distribution.

Moreover, the warehousing system has problems associated with shipping merchandise by the incentive company to the participant. These include merchandise being damaged in transit, not only causing frustration to the participant, but necessitating the incentive company spending time and effort to package and ship merchandise once again to the participant. The system entails the administrative procedures and additional cost of insuring the merchandise not only during warehousing, but during its shipment.

With the other kind of merchandise system, the incentive company does not have its own warehouses. Rather, it has contracts with suppliers or distributors of products to meet the obligations to participants. With this type of system, there are the aforesaid problems of goods damaged during shipment leading to participant aggravation.

Moreover, because the supplier or distributor is spaced from the participant by an additional layer of communication, there can be further delay in shipment and mistakes caused by miscommunications. Shipment delay can result if the supplier or the distributor is understocked with the requested merchandise. With the supplier or distributor shipping the goods, there is a greater likelihood of there being a mistake in the exact goods that are to be shipped. It is furthermore necessary for the incentive company to maintain the additional relationship with the suppliers in order to properly effect a satisfactory program, which in this respect is a disadvantage as compared to the warehousing system.

With either the warehousing or the supplier merchandise system, the participants frequently pay higher prices than the price for the same merchandise offered by a public retailer and especially by a discount store. This has the unsavory result of the participants believing the dollar values assigned for the purchase points are inflated and illusory.

The incentive programs which award paid trips also have drawbacks. One problem is that there is usually only one vacation spot to select from if the goal is met. In some cases, participants in one geographical area, such as in the eastern half of the U.S., are awarded a trip to a spot in Florida, for example, while those in the western half of the U.S. are awarded a vacation to a different spot such as Hawaii. However, each participant is limited to

choosing only one vacation spot. If the participants have been to the same area previously, in many instances they have little or no interest in returning once again. They additionally may have no interest in the vacation spot for whatever reason which may include family limitations, pure lack of interest, or medical problems. There are also the inconveniences of travel arrangements and the psychological stress associated with travelling from a familiar environment to an unfamiliar one. These shortcomings all militate against motivating the participant to achieve.

Finally, some incentive programs have awarded a flat payment of cash to the participants for attaining a certain goal. This type of program has the disadvantage of the award not effectively bringing the sponsor's identity to the participant's attention. Once the cash is paid, there is little to trigger the participant's memory to recall the sponsor's identity.

In contrast, with either merchandise purchases or a vacation trip, the merchandise itself or the participant's memory of the vacation stimulates recollection of the sponsor, thus reinforcing favorable thoughts toward the sponsor.

With incentive programs heretofore, the incentive companies have earned income from the sponsor client through general fees paid by the client to the incentive company.

The present invention improves over the prior art. It provides for a new incentive award program using computer processing, programming and printing for assignment and issuance of credit instruments to participants, with monetary amounts awarded to participants for expenditure through the participants' credit instrument accounts depending on the participant's achieving a certain level of performance. The participants can choose to withhold none, part, or all of the monetary amount eligible for allocation toward the credit instrument amount.

The processing and programming can calculate objectives for the participants, and permit the participants to change the amounts withheld and change the objectives. The programming, processing and printing prepares reports to the participants, to the sponsoring company and to the incentive company which can include the amounts allocated for expenditure through the credit instrument accounts based on award achievements, the transactions with the credit instruments, the account balances, the withheld amounts, the performance record, and other information.

Messages printed on the reports themselves and on other documents mailed to participants stimulate and encourage the participants to perform under the incentive program. The credit instruments issued, such as credit cards, can have the sponsoring client's trademark, trade name or other identifying indicia visibly shown thereon to constantly keep the sponsor's products or services in the minds of the participants.

Because with the invention it is not necessary for the incentive company to purchase merchandise for a merchandise award program, or be bothered with vacation planning, the problems associated with such award systems are eliminated. However, the

in permitting participants to choose and select the type of award they desire.

It is an object to provide for an incentive award program that allows for ease in administration by the incentive award company and by the sponsoring company.

Yet another objective is to provide for such a program which is attractive to financial institutions who desire to issue credit instruments and is attractive to potential participants desirous of having a credit instrument account with that institution.

It is a further object of the invention to provide data processing and computer programming to integrate use of the credit instrument incentive program in combination with the alternatives of merchandise selection or travel tour selection for those unable to participate in the credit instrument facet of the program, and for those who want to withhold an amount for vacation or merchandise selection for some reason.

It is an object to provide for an incentive award system and method which brings the attention of the participants to the sponsoring company and the sponsor's products or services to be promoted. These and other objects and advantages will become apparent from the following description of the invention.

Figure 1 is a schematic showing the computer programming and data processing for the invention covering the initial program set up and the administration of the program through the use of the credit instrument;

Figure 1.1 is a schematic of the system and method which branches from Figure 1, showing the addition of client personnel to the master;

Figure 1.2 is a schematic which branches from Figure 1 and concerns the system and method for calculating objectives for participants under the incentive program rules;

Figure 1.3 is a schematic which branches from Figure 1 and concerns the production of participant enrollment forms;

Figure 1.4 is a schematic which branches from Figure 1 and shows the processing of completed enrollment forms;

Figure 1.5 is a schematic which branches from Figure 1 and shows the processing of the account list;

Figure 1.6 is a schematic branching from Figure 1 and showing the invoicing of the financial institution for payment to the incentive company for an amount for each credit instrument issued;

Figure 2 is a schematic of the system and method showing the processing of information for time periods in which the incentive program may be divided;

Figure 2.1 is a schematic of the system and method which branches from Figure 2, showing the processing of the client's performance file;

Figure 2.2 is a schematic which branches from Figure 2 and shows the summarization of the participant's performance during a time period in which the incentive program may be divided;

Figure 2.3 is a schematic which branches from Figure 2, showing the calculation of period earnings under the incentive program;

Figure 2.4 is a schematic which branches from Figure 2, showing the production of the non-monetary tape;

Figure 2.5 is a schematic which branches from Figure 2, showing the reconciliation of account balances;

Figure 2.6 is a schematic which branches from Figure 2, showing the adjustment of errors in accounts;

Figure 2.7 is a schematic which branches from Figure 2, showing the creation of the monetary tape and client invoice tape;

Figure 2.8 is a schematic which branches from Figure 2, showing the processing of the statement at the financial institution;

Figure 2.9 is a schematic which branches from Figure 2 which shows the client invoice processing;

Figure 3 is a schematic of the system and method showing the changing of the participant withholding percent;

Figure 4 is a schematic of the system and method showing the transfer of earnings;

Figure 5 is a schematic of the system and method showing the fulfillment of participant's request for travel or merchandise for participants who do not have credit instruments issued under the program or participants who may be using credit instruments but for some reason select a certain amount to be withheld for merchandise or travel;

Figure 6 is a schematic of the system and method showing the bank payment to the incentive company; and

Figure 7 is an illustration of a type of credit instrument, i.e., a credit card, showing the issuing financial institution as 1st National Bank, an account number, the sponsoring company, Jones Manufacturing Company, and its trademark.

The following terms and definitions are used in the flow charts and in the description of the preferred embodiment to follow:

ACCT BAL FILE -- A computer generated file created by the Bank that contains credit instrument period information.

ACCT DATABASE -- Computer database which resides on the Bank's central processing unit that contains credit instrument account information records.

ACCT LIST -- A computer generated list that contains those ACCT NO.s that have had credit instruments issued to them.

ACCT TRANS FILE -- Computer file that resides on the Bank's CPU which consists of transactions that were incurred on the credit instrument account during the previous processing period.

ACCT. NO. -- This is the account number assigned to the participant's credit instrument. It is referenced in all correspondence and all transfers of information to the Bank.

ACTIVE CODE -- A computer generated code on

the client may be applied to the correct participant.

PERF STATEMENT — A form generated by computer printing that contains a participant's period and program to date award point earnings that is prepared for those participants who have not been issued a credit instrument.

PERF TRANS SALES AMT — The performance value of a participant performance transaction that has been received from the client.

PERIOD AVAIL CREDIT — Amount of period award point earnings that is available to downgrade debt incurred on the participant's credit instrument account.

PERIOD CREDIT PAID — Amount of award point earnings a participant has accrued for a given period of the incentive program.

PERIOD EARNINGS — Amount of award point earnings a participant has accrued for a given period of the incentive program.

PERIOD MAINT FEE — The actual dollar amount charged to a client by deducting MAINT CHARGE(S) from period earnings when calculating points earnings for a participant.

PERIOD MAINT FEE FLAG — Computer generated flags on the participant master file record that denote that the participant's period maintenance fee has been charged to the client for a respective period.

PERIOD WITHHOLD AMOUNT — Amount of the period award point earnings that has been held aside and is not available to downgrade debt incurred on the participant's credit instrument account, or disbursed by award credit certificate issuance.

PRODUCT ID — Unique number assigned to a client product to reference this product in reporting performance information to the Incentive Company.

PROJ MAINT PTS — Projected period maintenance fee converted to award points to determine if enough period points have been earned to cover the fee.

PROJ PERIOD EARNINGS — Projected period award point earnings used to determine if a great enough amount of period award earnings have been reached to deduct period maintenance fee.

PTD AVAIL \$'s — PTD AVAIL CREDIT converted from award points to actual dollar value.

PTD AVAIL CREDIT — Amount of program to date award point earnings that is available to downgrade debt incurred on the participant's credit instrument account.

PTD CREDIT PAID — Amount withdrawn from program to date available credit to pay for debt incurred on the participant's credit instrument account for the entire incentive program up to the current date.

PTD EARNINGS — Program to date earnings. Amount of award point earnings the participant has accrued for the program up to the present date.

PTD MAINT FEE — Maintenance fees accrued for a participant up to the current date.

PTD WITHHOLD AMOUNT — Amount of program to date award point earnings that has been held aside and is not available to downgrade debt incurred on the participant's credit instrument

account, or disbursed by award credit certificate issuance.

PTS/\$ CONVERSION — A value that converts program point values to dollar amount values and vice versa.

STATEMENT — Credit instrument statement created by the Bank.

SUM PERF AMT — The total participant performance obtained by summarizing all performance transactions for a period.

TOTAL ACCOUNT VOLUME — Total dollar amount of all participant credit instrument purchases.

TOTAL ACCT \$'s — Total dollar amount of all participants CREDIT \$'s that the Bank withdraws from the Incentive Company account to be reimbursed for payments made to the participants' credit instruments.

TOTAL ACCT INTEREST — Total dollar amount accrued by Bank on interest realized on all participant credit instruments' revolving balances.

TOTAL BALANCE — Current award point earnings balance the Bank has on the computer database file.

TOTAL CLNT INV AMT — Summarization of CLNT INV AMT for all participants that is then forwarded to the client.

TOTAL FULFILL INV AMT — Total dollar amount for all participant orders that the client is responsible to pay to the Incentive Company for a processing period.

TOTAL REMIT AMT — Dollar amount the client transfers to the Incentive Company to pay for invoiced amounts received.

TOTAL TRANSFER AMT — Total award points that a participant requests to have transferred from withholding amounts to available credit amounts and vice versa.

TRANS AMT — Dollar amount of the ACCT TRANS FILE record.

VENDOR PAYMENT — Dollar amount remitted to vendors to pay for travel and merchandise that were fulfilled.

VOLUME PAYMENT — Actual dollar amount that Bank will remit to Incentive Company for TOTAL ACCOUNT VOLUME.

VOLUME PAYOUT % — Predetermined percentage that Bank will remit to Incentive Company for each dollar of TOTAL ACCOUNT VOLUME.

WITHHOLD % — This is a multiplier that the participant assigns during enrollment in order to specify the percentage of each period's award point earnings to be held aside and not applied to either any credit instrument debt or not to be disbursed by award certificate issuance.

First, an overall perspective will be given for this description.

Figure 1 shows, from functional block 20 through functional block 288, parts of the system and method involving the storing into the memory of the central processing unit (CPU) of the computer the identification information for the individuals who are to participate in the incentive award program, and the programming and processing of computer programs implementing the system and method of the invention.

Figure 1.1 details the storing of the identification

withholding amounts.

Block 573 of Figure 2 is expanded upon in Figure 2.7. It comprises the creation of a monetary tape and a client invoice tape. Comparisons are made regarding the money allocated for available credit under the program and the current account balance. Calculations are made concerning money to be paid from the available credit instrument monetary amount, and the monetary credit available following adjustments. Proper memory records are made of the adjustments. The computer also calculates data and prints it on a client's invoice. In doing this, the credit instrument expenditures are calculated and added to the maintenance fees for the instruments. Monetary tapes are prepared.

In Figure 2, Blocks 668 through 674 show forwarding the monetary tape to the bank, forwarding the client invoice file tape and report to the client, and forwarding the statement message to the bank.

Block 674 of Figure 2, which is expanded upon in Figure 2.8, shows the bank processing of the account statements for the credit instruments. Examination of account numbers is made. The current balances for the participants' credit instruments are updated. The computer makes calculations with the period earnings and period credit paid to update the total balance. The computer memory is updated and the computer prints statements on the accounts. These printed statements are forwarded to the participants through automated mailing, with the option of automated inclusion of stuffers concerning the incentive program or other information.

Block 731 of Figure 2, which is expanded upon in Figure 2.9, includes client invoice processing. This is the processing of the client invoice tape. An amount is transferred to the Incentive Co.'s account at the bank for the total remittance by the client. The bank also withdraws the total account monetary amount from the Incentive Co.'s account. The Incentive Co.'s profit is calculated.

Figure 3 covers the participant's changing of the percent he or she desires to have withheld during the course of the incentive program.

Figure 4 diagrams the processing of a participant's request to transfer an amount between available credit money and the withheld amount. The computer makes up to date adjustments of the available credit and available withholding amount. Notifications of the adjustments are printed for the participants.

Figure 5 shows the diagram for the feature of fulfilling a participant's request for travel or merchandise. Those participating with the credit instrument may desire to use the withheld amount to allocate funds for merchandise or travel under the traditional incentive programs. Further, those in the Option 2 Flag group who are not using credit instruments have their awards under the merchandise or travel plan processed.

Figure 6 shows the computer programming of the monetary payment of the bank to the Incentive Co. for the credit instruments usage. The total payment illustrated is a VOLUME PAYMENT which equals the total monetary amount of expenditures through the

credit instruments multiplied by a selected percentage called the VOLUME PAYOUT %. Additionally, the amount paid includes an INTEREST PAYMENT which is equal to the total interest accrued on the credit instrument accounts multiplied by a percentage called the INTEREST PAYOUT %. These two sums are totalled and the payment report is printed by the computer and forwarded to the Incentive Co. along with payment.

A more detailed description is now in order. Starting at the top of Fig 1 at Functional Block 20, the client for whom the incentive program is being administered forwards a tape or transmission to the central processing unit (CPU) of the Incentive Co. The record information on the tape comprises each of the participant's name, address, city, state and zip code and the participant's position within the client organization (i.e. employee ID, dealer number, region number, etc.). The central processing unit (CPU) processes the record at Functional Block 24. This processing is further expanded in Fig 1.1. Fig. 1.1 shows that at Functional Block 28 a client record is read and examined by a computer application program. The record is edited for the existence of a name in Functional Block 32. If a name is not found on the record, an error report detail line is produced by printing at Functional Block 44. However, if a name does exist, address information on the participant record is examined for validity at Functional Block 36. If the address information is found to be invalid, an error report detail line is produced by printing at Functional Block 44. While if the address information is valid, the company position is edited for validity at Block 40. If the company position proves invalid, an error report detail line is produced by printing at Block 44. On the other hand, if the company position is deemed valid, the computer program establishes a PARTICIPANT NUMBER (NO.) based upon the position of the participant in Block 48. At Block 52, a record is then added to the PARTICIPANT MASTER FILE on the Central Processing Unit of the Incentive Co. At Block 56, using the information in Block 52, a PARTICIPANT NO. / name cross reference record is created on the CPU, and a participant listing detail is created by computer printing in Block 60.

Returning to Fig. 1, Block 64 determines if the incentive program rules specify that objectives for participant measurement are to be calculated. The client may decide that rather than having a certain level or multiple levels of objectives, the goal sought will be to simply sell as many units of products as the participant can sell. If this is the case, the participant receives a certain number of program points for each unit sold regardless of whether any minimum number of units are sold. If objectives are, however, desired, Functional Block 72 is performed (this processing is further expanded in Fig. 1.2). Referring to Fig. 1.2, an information record from the PARTICIPANT MASTER FILE is read into a computer program at Block 76. In Functional Block 80, the program determines whether an individual is a qualified participant in the incentive program, or a management level on file for reporting purposes only (in which case processing is discontinued on this

explained in Figure 5. When this option is provided, and the participant wants to have this option, this information is relayed to the Incentive Company on the ENROLL FORM and is updated on the PARTICIPANT MASTER FILE (WITHHOLD %) in Block 204.

The client may provide the option of a participant selecting higher objectives with corresponding higher awards for meeting the higher objectives. If such is provided, Block 208 determines if the participant chooses to raise his objective to move into a higher incentive award earning bracket. If the objective on the ENROLL FORM was changed, then the on-line program updates the OBJ on the PARTICIPANT MASTER FILE record at Block 212. If the objective was not changed in Block 208, but Block 216 determines that the participant is new on the master file and an objective is required, then objectives are calculated at Block 72 as explained in Fig. 1.2 above.

Returning to Fig. 1, the ENROLL FORMS are then forwarded as by mail to the Bank in Block 220, where credit information on the ENROLL FO reviewed and credit instruments are issued to the credit qualifying participants in Block 222. The participants are then divided into two categories. One, the OPTION 1 FLAG group, comprises those whose earnings will be applied to use through credit instruments. The second category, the OPTION 2 FLAG group, comprises those not participating with the credit instrument but whose earnings will be applied only toward merchandise or travel awards. This second group exists because some of the participants may not be able to qualify for the bank's standards for issuance of a credit instrument. In accordance with such division, at Block 224, the Bank then produces, as by use of a micro computer, a list of the account numbers for which credit instruments have been issued (ACCT LIST), and transmits the ACCT LIST from the micro computer disk file to the CPU of the Incentive Co. via telecommunications in Block 226. The ACCT LIST is then processed in Block 228. Fig. 1.5 further explains this processing. A computer program compares the ACCT NO. from the Bank ACCT LIST record (Block 230) to the ACCT NO. on the PARTICIPANT MASTER FILE record in Block 232. If a PARTICIPANT MASTER FILE record is found by the computer program that matches the ACCT NO. in Block 236, the computer program updates the OPTION 1 FLAG on the PARTICIPANT MASTER FILE record in Block 240. This reflects the fact that program earnings will be used to downgrade balances on the participant's credit instrument account. Returning to Block 236, if a match is not found on the two files, but it is determined that ACCT NO. is on a PARTICIPANT MASTER FILE record in Block 244, the computer program updates the OPTION 2 FLAG on the PARTICIPANT MASTER FILE record in Block 248. This reflects the fact that award earnings will be paid to the participant in the form of certificates that are redeemable through the Incentive Co. for merchandise or travel awards instead of being used to make payments on a credit instrument account. Returning to Block 244, if the ACCT NO. is not on the PARTICIPANT MASTER FILE record but on the ACCT LIST file, an error report

detail line is produced by printing in Block 252.

The credit instruments issued can be credit cards such as those made of plastic with the ACCT NO. and participant's name shown thereon, as well as identification of the issuing financial institution. The participant's signature can be placed on the back as known in the art. The trade name, trademark such as a logo, or other visible identification of the client can be visually shown on the card. This is a constant reminder to the participants of the sponsor client and of its products or services.

The credit card shown in Figure 7 pictures the client's trade name, Jones Mfg. Co., and its stylized trademark, JMC, along with the participant's name and account number, as well as the financial institution's name.

The participants are more likely to use the participating bank's credit instrument than some other credit instrument they hold, since they will be using the sponsor client's instrument to use the money awarded to that instrument account. The amount available for use may also be less than the full price of the item or items purchased, in which case money is spent through the instrument beyond just that generated by the incentive program.

Once all records on both files are processed by the computer program, the error report detail lines are processed as follows. Block 253 determines whether a copy of the ENROLL FORM exists in the Incentive Co. files for the ACCT NO. on the error report detail line. This is accomplished by manually examining the files. If the copy of the ENROLL FORM is not found, the Bank is notified by telecommunications in Block 255 and enrollment information is gathered from the Bank in Block 256 via telecommunications or by receipt of an ENROLL FORM copy from the Bank. When the enrollment information is obtained by either the successful location of the copy of the ENROLL FORM or the receipt of the information from the Bank, an on-line program is utilized to update the ACTIVE CODE on the PARTICIPANT MASTER FILE record in Block 260, update the ACCT NO. on the master record in Block 261, update the WITHHOLD % on the master record in Block 262, and update the OPTION 1 FLAG in Block 264 on the master record.

Returning to Fig 1, at Block 266 the Bank is invoiced by computer printer and automatic mailer for a credit instrument fee based upon the total number of qualified credit instruments that were established for the incentive program. This processing is further explained in Fig. 1.6. A computer program processes the PARTICIPANT MASTER FILE record on the CPU in Block 268. The program attempts to read a PARTICIPANT MASTER FILE record in Block 270. Block 272 determines whether this read was successful and there is a PARTICIPANT MASTER FILE record remaining to be processed on the file or whether all records have been processed by the invoice computer program. If a record remains to be processed, the program examines the OPTION 1 FLAG on the PARTICIPANT MASTER FILE record in Block 274. If the OPTION 1 FLAG exists on the PARTICIPANT MASTER FILE record in Block 276, then NO. INVCD is calculated as

computer program is utilized to process the PARTICIPANT MASTER FILE record in Block 376. The computer program examines a PARTICIPANT MASTER FILE record in Block 380 and determines whether an ACTIVE CODE exists on the record in Block 382. If an ACTIVE CODE does not exist, processing of the record is discontinued. If an ACTIVE CODE does exist, the computer program compares the SUMM PERF AMT of the record to the OBJ of the PARTICIPANT MASTER FILE record in Block 384. Block 386 determines whether the SUMM PERF AMT is greater than or equal to the OBJ. If it is not, the computer program moves zero to OBJ PTS in Block 388, moves zero to BONUS PTS in Block 390, moves zero to BONUS AMT in Block 392 and moves zero to PERIOD MAINT FEE in Block 394, then proceeds to Block 402. This means that because the specific objective has not been met, the participant receives no points.

Returning to Block 386, if SUMM PERF AMT is greater than or equal to OBJ, the program moves OBJ EARN to OBJ PTS in Block 396 (OBJ EARN is an award amount determined by the program rules that the participant receives for performing up to the objective that is assigned). This means the participant earns the points that were assigned for reaching the objective. Additionally, the rules may provide for the participant to receive more points, or bonus points, for performing in excess of the set objective. If so, in Block 396, BONUS AMT is calculated as SUMM PERF AMT less OBJ. In Block 400, BONUS PTS are calculated as BONUS AMT multiplied by the BONUS PTS MULTIPLIER (this is a value that is determined by the program rules and signifies the amount of award earnings for each incremental unit of performance above the assigned objective).

The computer then proceeds to Block 402. In Block 402, PERIOD EARNINGS are calculated as the sum of OBJ PTS and BONUS PTS. If the participant belongs to the OPTION 1 FLAG group, the fees related to maintaining the participant's credit instrument are properly treated. The computer then examines the OPTION 1 FLAG on the PARTICIPANT MASTER FILE record in Block 404 and determines whether the OPTION 1 FLAG exists in Block 406. If the OPTION 1 FLAG does not exist, the computer program proceeds to Block 428. If the OPTION 1 FLAG does exist, then the computer program examines the PERIOD MAINT FEE FLAGS on the PARTICIPANT MASTER FILE record in Block 408, and determines whether there are any PERIOD MAINT FEE FLAGS that correspond to periods less than or equal to the current processing period in Block 410. If there are not any PERIOD MAINT FEE FLAGS less than or equal to the current processing period, the program proceeds to Block 428. If there are PERIOD MAINT FEE FLAGS less than or equal to the current processing period, the computer program examines the first of these flags and determines if it is equal to 'x' in Block 412. If the flag is equal to 'x', the program returns to Block 408 to examine the remaining PERIOD MAINT FEE FLAGS. If the flag is not equal to 'x', in Block 412, in Block 413, the computer program determines whether the MAINT

CHARGE is to be paid by the participant by deducting this amount from his earnings or whether the MAINT CHARGE will be paid by the client. If the MAINT CHARGE is not paid by the participant, MAINT CHARGE is added to PERIOD MAINT FEE in Block 414 and the computer program returns to Block 408 to examine the remaining PERIOD MAINT FEE FLAGS. Returning to Block 413, if it is determined that the MAINT CHARGE is to be paid by the participant, processing continues at Block 416. In Block 416, the computer converts MAINT CHARGE from a dollar amount to PROJ MAINT PTS by multiplying MAINT CHARGE by PTS/\$ CONVERSION. (MAINT CHARGE is a predetermined dollar amount that the Incentive Co. charges the participants during a specified number of processing periods to cover the cost of administering their credit instrument account.) The maintenance charges are then deducted from the earnings for the period. In Block 418, PROJ PERIOD EARNINGS are calculated as PERIOD EARNINGS less PROJ MAINT PTS. In Block 420 it is determined whether the PROJ PERIOD EARNINGS are greater than or equal to zero. If the PROJ PERIOD EARNINGS are not greater than or equal to zero, the computer proceeds to Block 428. If the PROJ PERIOD EARNINGS are greater than or equal to zero, MAINT CHARGE is added to PERIOD MAINT FEE in Block 422, PROJ PERIOD EARNINGS are moved to PERIOD EARNINGS in Block 424, and the PERIOD MAINT FEE FLAG in process is updated with an 'x' in Block 426. The program returns to Block 408 to examine the remaining PERIOD MAINT FEE FLAGS.

As noted, participants may choose to have a certain portion of their earnings withheld. If that is the case, then in Block 428, such a period withholding amount (PERIOD WITHHOLD AMT) is calculated as PERIOD EARNINGS multiplied by the WITHHOLD %. Period available credit (PERIOD AVAIL CREDIT) is the amount that is available to pay on the participant's credit card balance. This figure is calculated in Block 430 by subtracting the PERIOD WITHHOLD AMT from PERIOD EARNINGS. PTD EARNINGS are calculated in Block 432 as PTD EARNINGS on the PARTICIPANT MASTER FILE record in process plus PERIOD EARNINGS. Program to date credit available (PTD AVAIL CREDIT) is then calculated in Block 434 by adding PERIOD AVAIL CREDIT to PTD AVAIL CREDIT on the PARTICIPANT MASTER FILE record in process. Program to date withhold amount (PTD WITHHOLD AMT) is then calculated in Block 436 by adding PERIOD WITHHOLD AMT to PTD WITHHOLD AMT on the PARTICIPANT MASTER FILE record. PTD MAINT FEE is calculated in Block 438 by adding PERIOD MAINT FEE to PTD MAINT FEE on the PARTICIPANT MASTER FILE record in process. Next the computer program updates the PARTICIPANT MASTER FILE record in process with BONUS PTS in Block 440, PERIOD EARNINGS in Block 442, PERIOD MAINT FEE in Block 444, PERIOD WITHHOLD AMT in Block 446, and PERIOD AVAIL CREDIT in Block 448. The computer program then moves to the PARTICIPANT MASTER FILE record PTD EARNINGS in Block 450, PTD AVAIL CREDIT in

ancy is reported in Block 546. In Block 548, the Bank determines whether the location of the error is in the Bank system. If the error originated at the Bank, an adjustment is made in their system to correct the error in Block 550. However, if the error is determined to be in the Incentive Co. system in Block 548 or the discrepancy was found in Block 544, PTD EARNINGS are recalculated in Block 552 as PTD EARNINGS from the master record plus BALANCE DIFFERENCE. Next it is determined whether the discrepancy affected PTD AVAIL CREDIT or PTD WITHHOLD AMT in Block 554. If PTD AVAIL CREDIT was affected, PTD AVAIL CREDIT is recalculated in Block 556 as the sum of PTD AVAIL CREDIT from the PARTICIPANT MASTER FILE and BALANCE DIFFERENCE. The newly recalculated PTD AVAIL CREDIT is then moved to the PARTICIPANT MASTER FILE record in Block 558 and the recalculated PTD EARNINGS are moved to the PARTICIPANT MASTER FILE record in Block 560 by the on-line computer program. The participant is then notified as by mail or phone as to the adjustment to his earnings in Block 565. Returning to Block 554, if PTD WITHHOLD AMT was affected, PTD WITHHOLD AMT is recalculated in Block 562 as the sum of PTD WITHHOLD AMT from the PARTICIPANT MASTER FILE plus BALANCE DIFFERENCE. The newly recalculated PTD WITHHOLD AMT is then moved to the PARTICIPANT MASTER FILE record in Block 564 and the recalculated PTD EARNINGS is moved to the PARTICIPANT MASTER FILE record in Block 560 by the on-line computer program. The participant is then notified by mail or phone as to the adjustment to his earnings in Block 565.

Returning to Fig. 2, after all errors have been processed in Block 534, a computer program is utilized in Block 573 to create the MONETARY TAPE that will be sent to the Bank to downgrade the participant's credit instrument outstanding balance and to produce the invoice that will be sent to the client to pay for the amount that was used to downgrade the credit instruments balance. This process is further detailed in Fig. 2.7. The process begins in Block 574 with a computer program accessing the ACCT BAL FILE and the PARTICIPANT MASTER FILE record. In Block 575 the computer program accesses the PARTICIPANT MASTER FILE record. The program then compares by ACCT NO., a record from the ACCT BAL FILE and a record on the PARTICIPANT MASTER FILE record in Block 576. The program then determines whether the ACCT NO. is on both files in Block 580. If the ACCT NO. is not located on both files, the program determines whether the ACCT NO. is on the ACCT BAL FILE in Block 583. If so, then the program produces an error report detail line by printing in Block 583. If the ACCT NO. is not on the ACCT BAL FILE but is on the PARTICIPANT MASTER FILE, the ACTIVE CODE on the PARTICIPANT MASTER FILE is examined in Block 584. If the ACTIVE CODE does exist, the OPTION 1 FLAG is examined for existence in Block 585. If the OPTION 1 FLAG exists, an error report detail line is produced by printing in Block 586. The computer continues processing at Block 642 below. If the ACTIVE CODE does not exist in

Block 584, or the OPTION 1 FLAG does not exist in Block 585, processing on this PARTICIPANT MASTER FILE record is discontinued. Returning to block 580, if the ACCT NO. exists on a record on the ACCT BAL FILE and on a record on the PARTICIPANT MASTER FILE record, the CUR BAL of the ACCT BAL FILE record is examined in Block 588. If it is determined in Block 590 that the CUR BAL is not greater than zero, then zero is moved to CREDIT \$'s in Block 596 and zero is moved to CREDIT PAID in Block 597. Processing is continued at Block 642 below. Returning to Block 590, if it is determined that the CUR BAL is greater than zero, then the PTD AVAIL CREDIT of the PARTICIPANT MASTER FILE record is examined in Block 592. If it is determined in Block 594 that the PTD AVAIL CREDIT is not greater than zero, then zero is moved to CREDIT \$'s in Block 596 and zero is moved to CREDIT PAID in Block 597. Processing is continued at Block 642 below. Returning to Block 594, if it is determined that the PTD AVAIL CREDIT is greater than zero, PTD AVAIL \$'s are calculated in Block 598 as PTD AVAIL CREDIT divided by the PTS/\$ CONVERSION. The computer program then compares CUR BAL to PTD AVAIL \$'s in Block 600. If it is determined in Block 602 that the CUR BAL is greater than or equal to the PTD AVAIL \$'s, PTD AVAIL \$'s are moved to CREDIT \$'s in Block 604, PTD AVAIL CREDIT is moved to CREDIT PAID in Block 606, and 'zero' is moved to PTD AVAIL CREDIT in Block 608. Processing is continued at 616 below. Returning to Block 602, if CUR BAL is not greater than or equal to PTD AVAIL \$'s, CUR BAL is moved to CREDIT \$'s in Block 610, CREDIT PAID is calculated in Block 612 as CREDIT \$'s multiplied by PTS/\$ CONVERSION, and PTD AVAIL CREDIT is recalculated in Block 614 as PTD AVAIL CREDIT currently on the PARTICIPANT MASTER FILE record less CREDIT PAID.

In Block 616, the computer determines if any records have been written to the MONETARY TAPE during this processing. If no records have been written, the program creates a Monetary Header Record in Block 618 and writes the record out to the MONETARY TAPE (this can be for example a 1600 B.P.I. magnetic tape) in block 620. The program then creates a Monetary Batch Header Record in Block 622 and writes the record out to the MONETARY TAPE in Block 624. Processing is then continued at Block 626 below. Returning to Block 616, if records exist on the MONETARY TAPE, continue processing at Block 626.

In Block 626, the ACCT NO. of the records in process is moved to the Monetary Record. CREDIT \$'s is moved to the Monetary Record in Block 628 and the record is written to the MONETARY TAPE in Block 630. Block 632 determines if this was the last record written to the MONETARY TAPE. If it is not, then processing is continued at Block 642. If it is the last record written to the MONETARY TAPE, then a Monetary Batch Trailer Record is created in Block 634. The Monetary Batch Trailer Record is written to the MONETARY TAPE in Block 636. A Monetary Bank Trailer Record is created in Block 638 and written out to the MONETARY TAPE in Block 640. Processing is continued at Block 642.

STATEMENT record in Block 722. The STATEMENT record is then printed by computer in Block 724. The computer program then recalculates TOTAL ACCT \$'s in Block 725 as the sum of TOTAL ACCT \$'s and the CREDIT \$'s of the MONETARY TAPE record in process (this is the amount that the Incentive Co. must remit to the Bank to cover the payments issued to the credit instrument accounts).

When the computer has completed the processing of all records and all STATEMENTS have been printed, processing is continued at Block 726. In Block 726, if statement stuffers were forwarded to the Bank, the stuffers in Block 728 are enclosed with the statements in Block 730 by use of automated stuffing machines and are forwarded to the participants by mail in Block 731. If statement stuffers do not exist in Block 726, the statements are forwarded to the participants in Block 731.

Returning to Fig. 2, the CLNT INV TAPE is processed by the client in Block 731. This processing is further detailed in Fig. 2.9, to which reference is now made. The Client CPU accesses the CLNT INV TAPE in Block 732. A computer program is utilized to read a record from the CLNT INV TAPE in Block 734. If it is determined that records still exist on the CLIENT INV TAPE in Block 736, TOTAL REMIT AMT is calculated in Block 738 as the sum of the INV AMT on the CLNT INV TAPE record and TOTAL REMIT AMT, and the program returns to read the next record on the CLNT INV TAPE in Block 734. If it is determined in Block 736 that no more records exist on the CLNT INV TAPE, then the TOTAL REMIT AMT is transferred to the Incentive Co. account at the Bank in Block 740. In Block 742, the Bank withdraws TOTAL ACCT \$'s to cover the payments on the MONETARY TAPE to the credit instrument accounts. The INCENTIVE CO. PROFIT is illustrated in Block 743 as the difference of TOTAL ACCT \$'s from TOTAL REMIT AMT.

Requests may be made by participants to change the WITHHOLD % on their accounts. These transactions are made via an on-line computer program in Fig. 3. The participant request to change WITHHOLD % is received by mail or telecommunications in Block 744. The on-line program locates the PARTICIPANT NO. on the PARTICIPANT MASTER FILE and displays the WITHHOLD % in Block 746. The operator updates the WITHHOLD % in Block 748 and the participant is notified of the change by mail or telecommunications in Block 750.

Fig. 4 diagrams the process of transferring amounts from PTD WITHHOLD and PTD AVAIL CREDIT. When a transfer request is received from a participant in Block 752, the amount of the transfer and type of transfer is entered into the CPU in Block 753. If at Block 754 the type is a transfer from PTD AVAIL CREDIT to PTD WITHHOLD AMT, the transfer amount (TRANSFER AMT) is compared at Block 756 to the PTD AVAIL CREDIT on the PARTICIPANT MASTER FILE. If it is determined in Block 758 that the TRANSFER AMT is not less than or equal to the PTD AVAIL CREDIT, then a notification letter of failure to transfer is generated by computer printing and mailed in Block 760. If it is determined in Block 758 that the TRANSFER AMT is less than or equal to

the PTD AVAIL CREDIT, then PTD WITHHOLD AMT is recalculated in Block 762 as the sum of the PTD WITHHOLD AMT and TRANSFER AMT. PTD AVAIL CREDIT is recalculated in Block 764 as the difference of TRANSFER AMT from PTD AVAIL CREDIT field on the PARTICIPANT MASTER FILE record. These fields are moved to the PARTICIPANT MASTER FILE record at Block 776 and Block 778, TRANSFER AMT is moved to the PARTICIPANT MASTER FILE record in Block 780 and a notification letter to the participant is generated by computer printing and mailed in Block 781.

Returning to Block 754, if the type is a transfer from PTD WITHHOLD AMT to PTD AVAIL CREDIT, the transfer amount (TRANSFER AMT) is compared to the PTD WITHHOLD AMT on the PARTICIPANT MASTER FILE record in Block 766. If, in Block 768, the TRANSFER AMT is not less than or equal to the PTD WITHHOLD AMT, then a notification letter of failure to transfer is generated by computer printing and mailed in Block 770. If, in Block 768, the TRANSFER AMT is less than or equal to the PTD WITHHOLD AMT, then PTD AVAIL CREDIT is recalculated in Block 772 as the sum of the PTD AVAIL CREDIT on the PARTICIPANT MASTER FILE record and TRANSFER AMT. PTD WITHHOLD AMT is recalculated in Block 774 as the difference of TRANSFER AMT from the PTD WITHHOLD AMT on the PARTICIPANT MASTER FILE record. These fields are moved to the PARTICIPANT MASTER FILE record at Block 776 and Block 778, TRANSFER AMT is moved to the PARTICIPANT MASTER FILE record in Block 780 and a notification letter to the participant is generated by computer printing and mailed in Block 781.

Fig. 5 illustrates the process of fulfilling participant requests for group travel or merchandise for those who are not participating in the credit instrument system and method, or those who are so participating but have chosen to allocate an amount to be withheld for spending on travel or merchandise selections. A participant order for merchandise or travel is entered into the CPU by use of an on-line computer program in Block 782. The program then locates the PARTICIPANT MASTER FILE record on the CPU in Block 784. The on-line program determines whether the ORDER AMT of the participant order is less than or equal to the PTD WITHHOLD AMT of the PARTICIPANT MASTER FILE record in Block 786. If the ORDER AMT is less than or equal to the PTD WITHHOLD AMT, then PTD WITHHOLD AMT is recalculated in Block 788 as PTD WITHHOLD AMT on the PARTICIPANT MASTER FILE record less the ORDER AMT. At Block 790, PTD WITHHOLD AMT is then moved to the PARTICIPANT MASTER FILE record. Processing is then continued at Block 814. Returning to Block 786, if ORDER AMT is not less than or equal to PTD WITHHOLD AMT, then FULFILL AMT is calculated in Block 792 as the sum of PTD WITHHOLD AMT on the PARTICIPANT MASTER FILE record and PTD AVAIL CREDIT on the master. CREDIT REMAIN is then calculated in Block 794 as FULFILL AMT less ORDER AMT. If it is determined in Block 796 that CREDIT REMAIN is less than zero, then the participant order is exam-

allocating monetary amounts to be available for use through the individual participant's credit instruments based on the participant's meeting of a level of performance under the incentive program.

2. The system of claim 1 further comprising computer data processing means for providing an incentive program divided into multiple time periods, and the means for allocating having computer data processing means for allocating monetary amounts for available use through the credit instruments following the end of each said period, said allocated amounts being based upon a participant's meeting of a level of performance by the end of each period.

3. The system of Claim 2, further comprising computer data processing means for calculating the monetary amounts available for use by credit instruments of participants.

4. The system of claim 2 further comprising computer data processing means for periodic deduction of amounts from the amount available for participant use through the credit instrument, by deducting amounts of money expended through use of the credit instrument.

5. The system of claim 1, further comprising computer data processing means for withholding, at a selected time, monetary amounts from the said monetary amounts available for allocation for use through the credit instruments, so that the withheld monetary amounts are made available for use by participants.

6. The system of claim 5 wherein the withheld amount is a selected percentage of the amount available for allocation, and further comprising computer data processing means for adjusting the percentage to be withheld during the course of the incentive program.

7. The system of claim 1, further comprising computer printer means for preparing a statement for the individual participants reporting the amount of money allocated for use through the participant's credit instrument under the program.

8. The system of claim 1, further comprising computer memory and computer data processing means for storing and reporting transactions made with participants' credit instruments.

9. The system of claim 1 further comprising computer data processing means for calculating levels of performance to be achieved by participants in order for the participants to have monetary amounts allocated for use through the participants' credit instrument accounts.

10. The system of claim 1 wherein in the preamble the participants are sponsored by a client company and the system is supervised by an incentive company, further comprising computer data processing means for a financial institution to assign the credit instrument accounts to participants, and computer data processing means for the financial institution to be charged an amount payable to the incentive company dependent upon the monetary volume

of transactions of the participants through use of credit instruments issued under the incentive program.

11. The system of claim 9 wherein the amount payable to the incentive company is a portion of the monetary volume of the said credit transactions.

12. The system of claim 1 wherein in the preamble the participants are sponsored by a client company and the system is supervised by an incentive company, further comprising computer data processing means for a financial institution to assign the credit instrument accounts to participants, and computer data processing means for the financial institutions to be charged an amount payable to the incentive company which is dependent upon the interest owed to the financial institution through the participants' credit instruments issued under the incentive program.

13. The system of claim 12 wherein the amount payable through the means for charging the financial institution is a portion of the interest owed by participants under the participants' credit instrument accounts issued under the incentive program.

14. The system of claim 1 wherein in the preamble the participants are sponsored by a client company and the system is supervised by an incentive company, further comprising computer data processing means for a financial institution to assign the credit instrument accounts to participants, and computer data processing means for the financial institutions to be charged an amount payable to the incentive company which is dependent upon the number of credit instrument accounts assigned by the financial institution to participants.

15. The system of claim 1 wherein the credit instruments comprises credit cards, and information identifying the client comprising a tradename or trademark visually appears on the credit cards.

16. The system of claim 1 further comprising computer data processing means for integrating the awards of allocation of money for use through credit instrument accounts with the award of incentive points toward a vacation or merchandise acquisition of participants.

17. A system for an incentive award program for participants, comprising:

(a) computer memory means for data storing of information identifying participants;

(b) credit instruments for participants, and computer data processing means for assigning individual credit instrument account numbers and corresponding accounts to individual participants;

(c) computer memory means for storing levels of performance to be achieved by individual participants under the incentive program in order for the individual participants to have money paid to the individual

under the incentive program.

24. The method of claim 19 further comprising the step of computer data processing to calculate levels of performance to be achieved by participants in order for the participants to have monetary amounts allocated for use through the participants' credit instrument accounts.

25. The method of claim 19 wherein the incentive program is administered by an incentive company, and credit instruments are issued by a financial institution, further comprising the steps of:

(a) the financial institution assigning the credit instrument accounts to participants by computer data processing; and

(b) the step of computer calculation of an amount to be charged for payment to the incentive company which is a portion of

the monetary interest owed to the financial institution through the participants' credit instruments issued under the incentive program.

26. The method of claim 19 wherein the incentive program is administered by an incentive company, and the credit instruments are issued by a financial institution, further comprising the steps of:

(a) the financial institution assigning the credit instrument accounts to participants by computer data processing; and

(b) the step of computer calculation of an amount to be charged payable to the incentive company based upon the total number of credit instruments issued to the participants under the incentive program.

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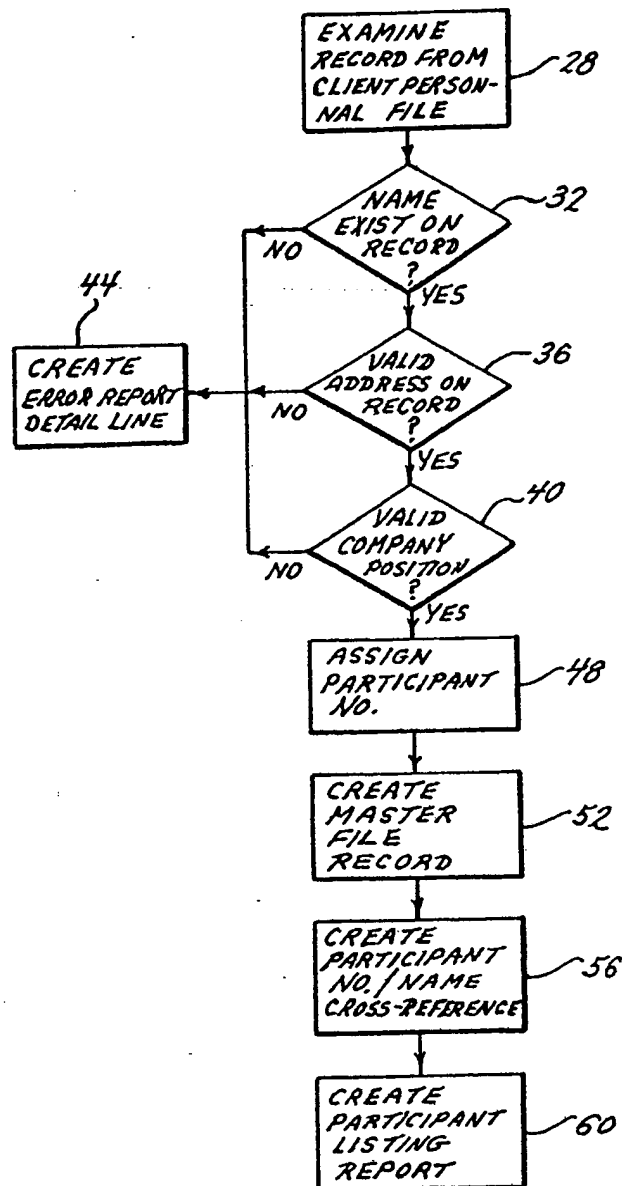
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FIG. 1.1

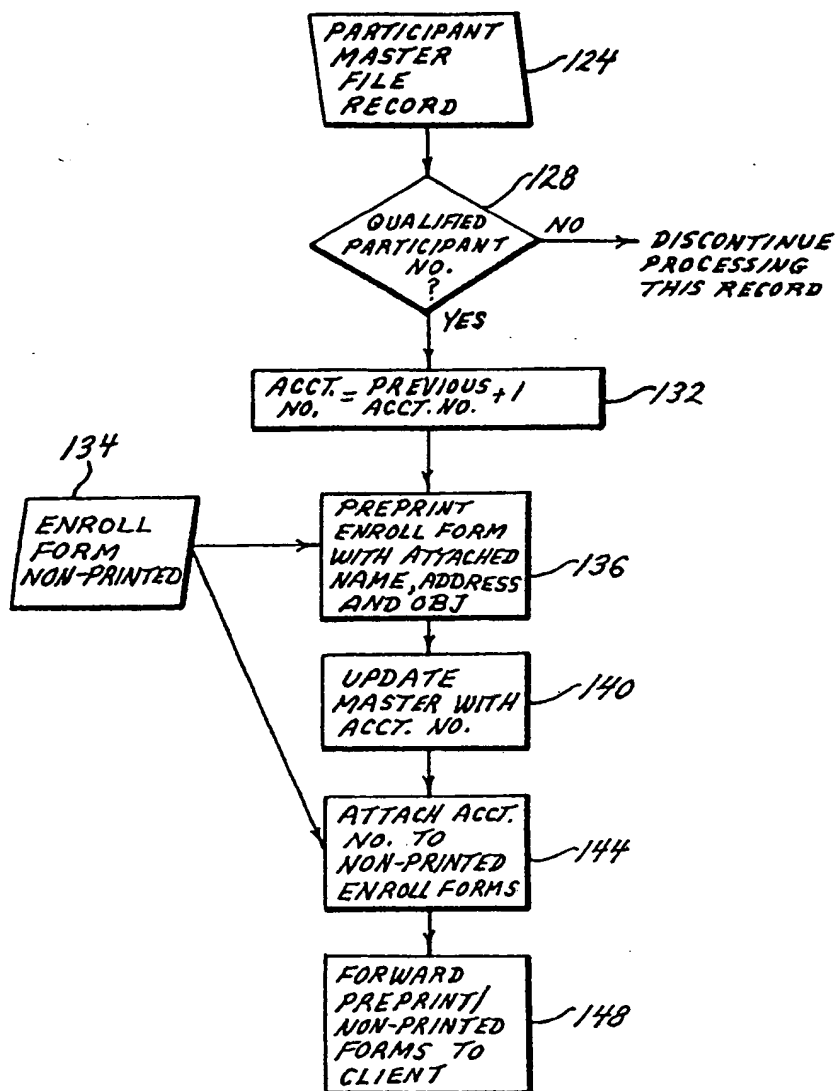
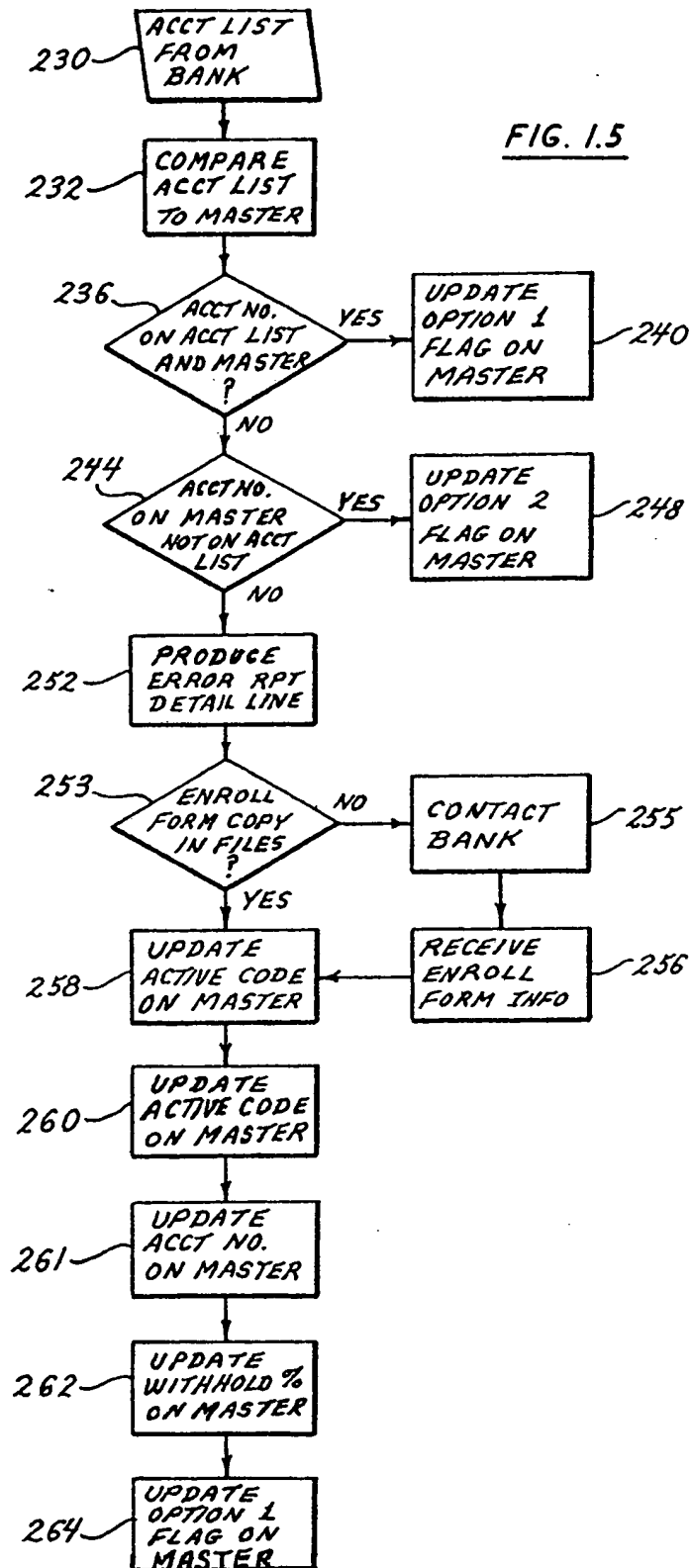
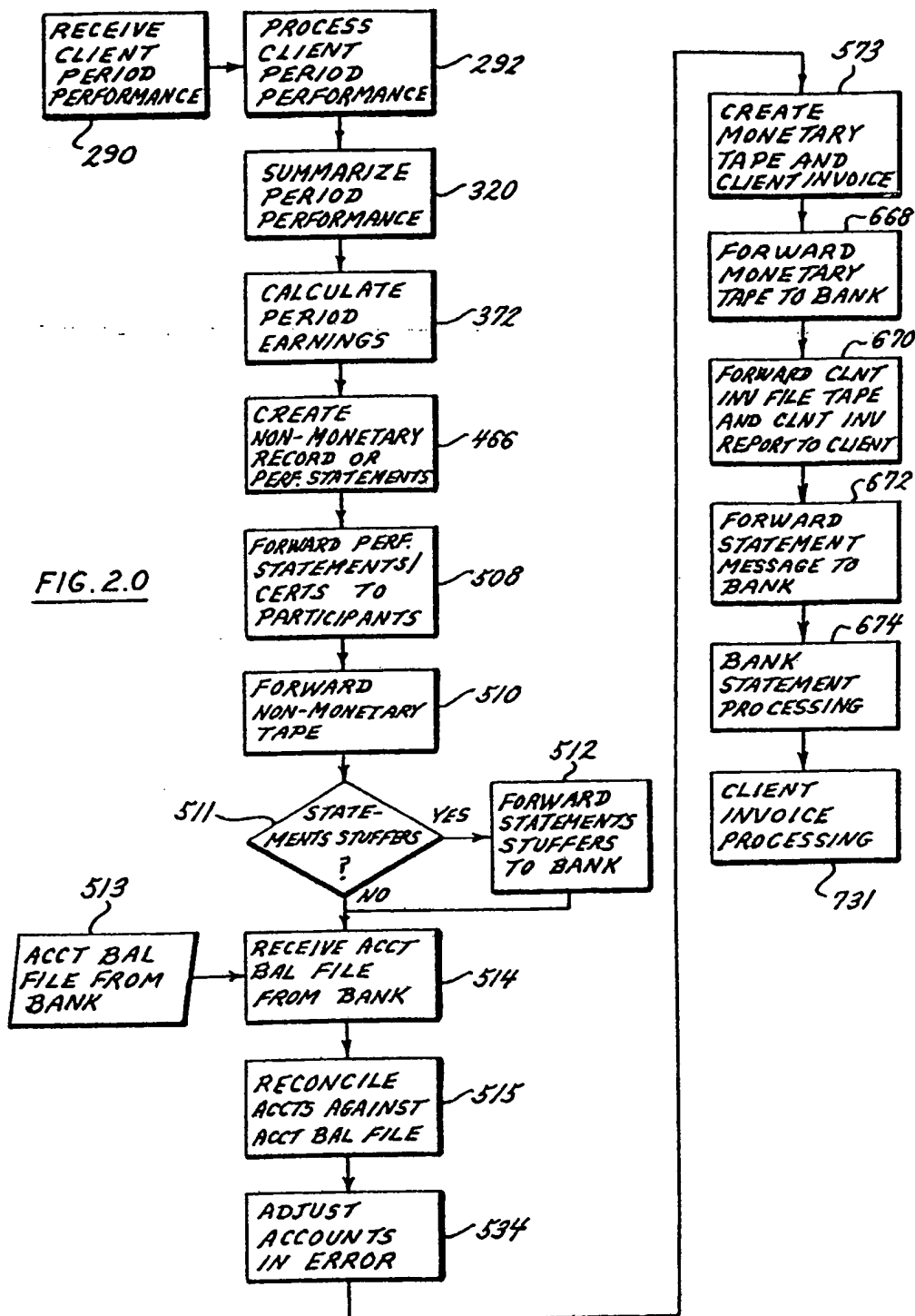
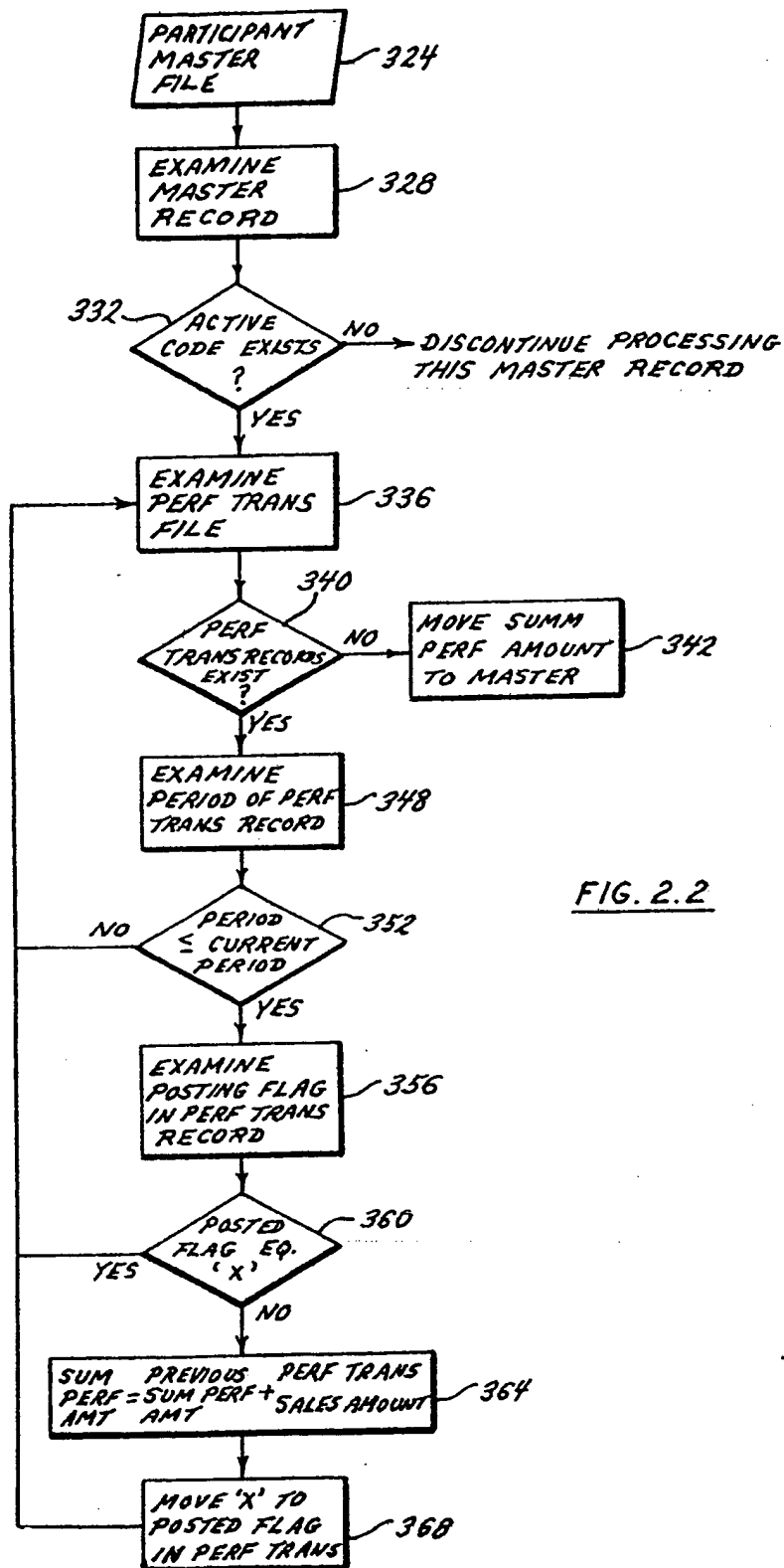
FIG. 1.3

FIG. 1.5







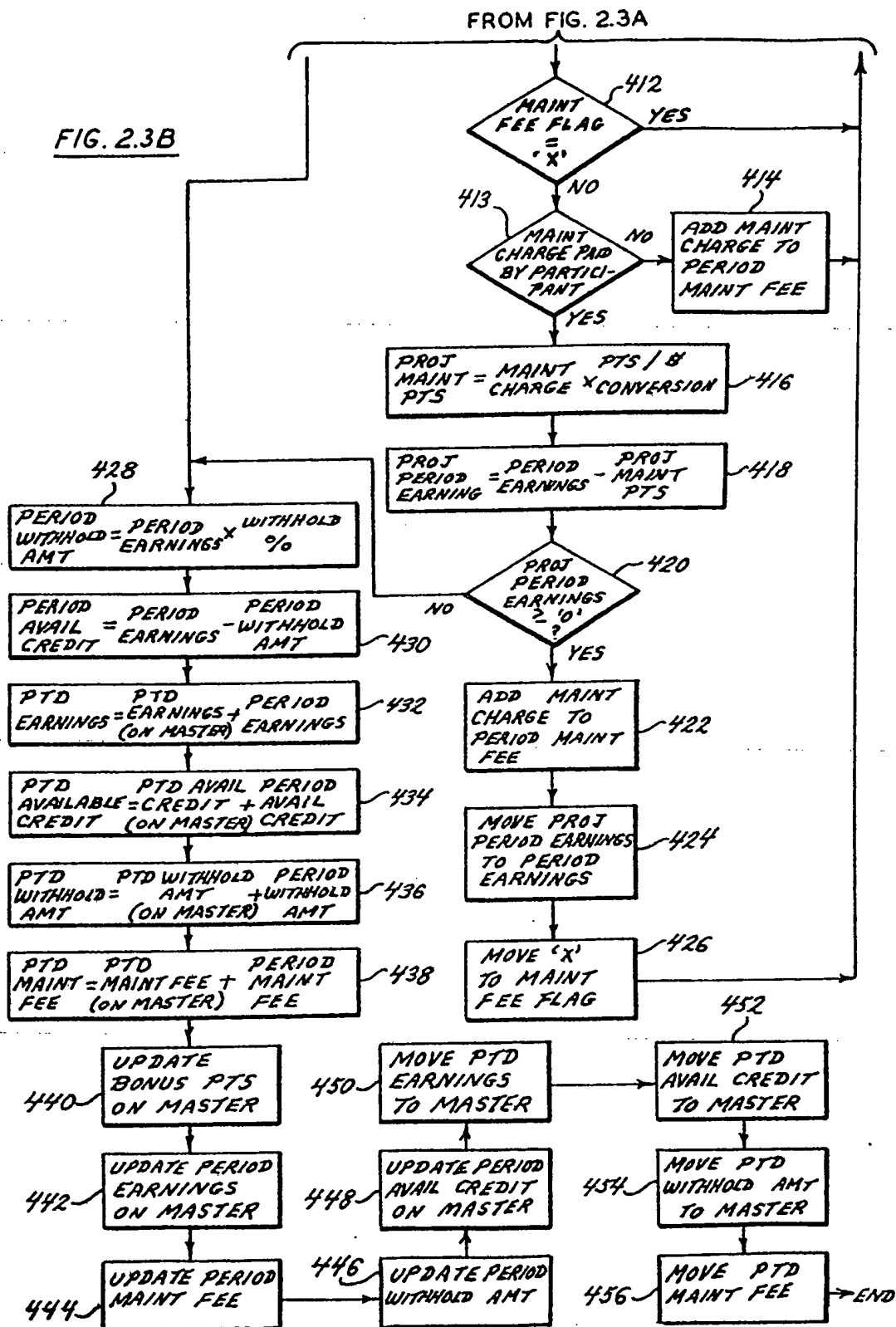
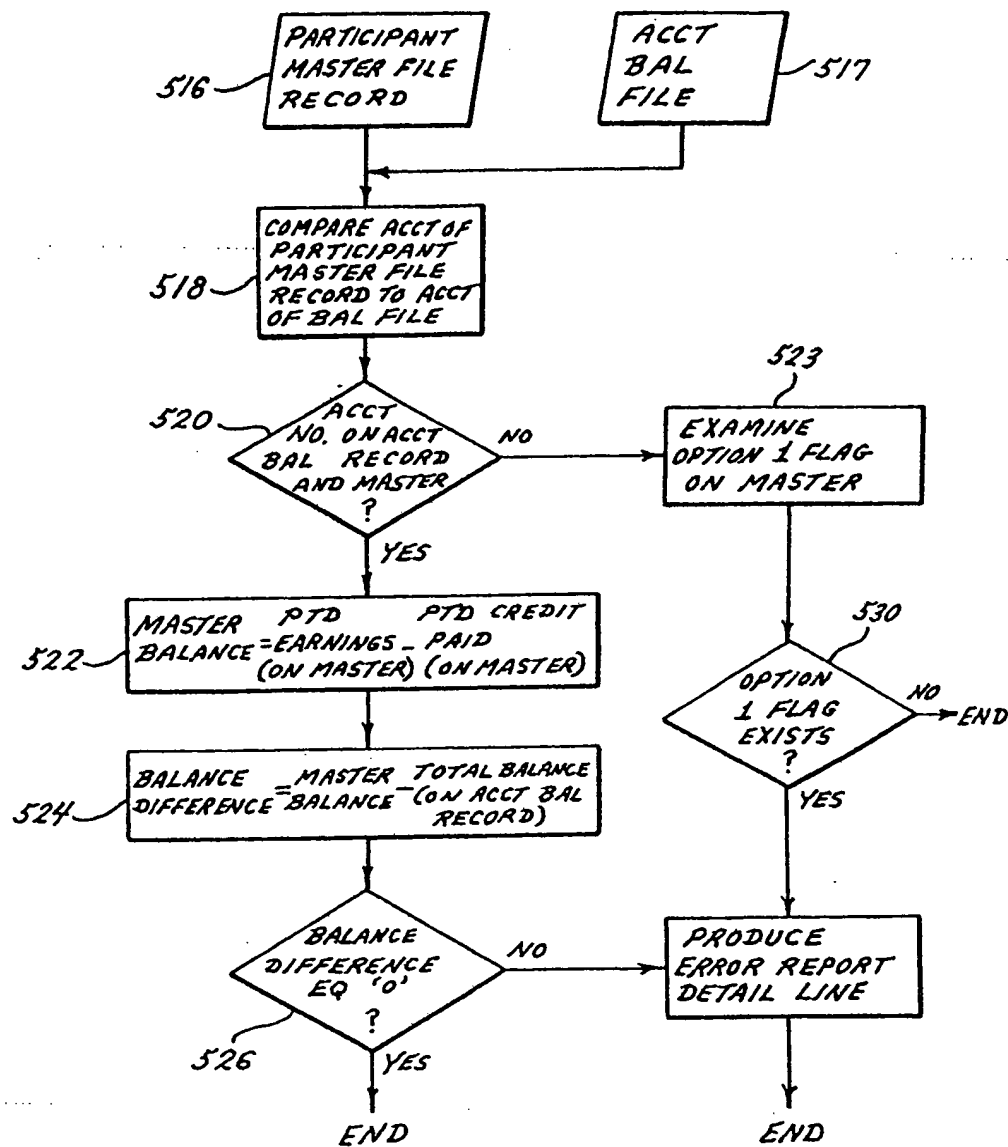


FIG. 2.5



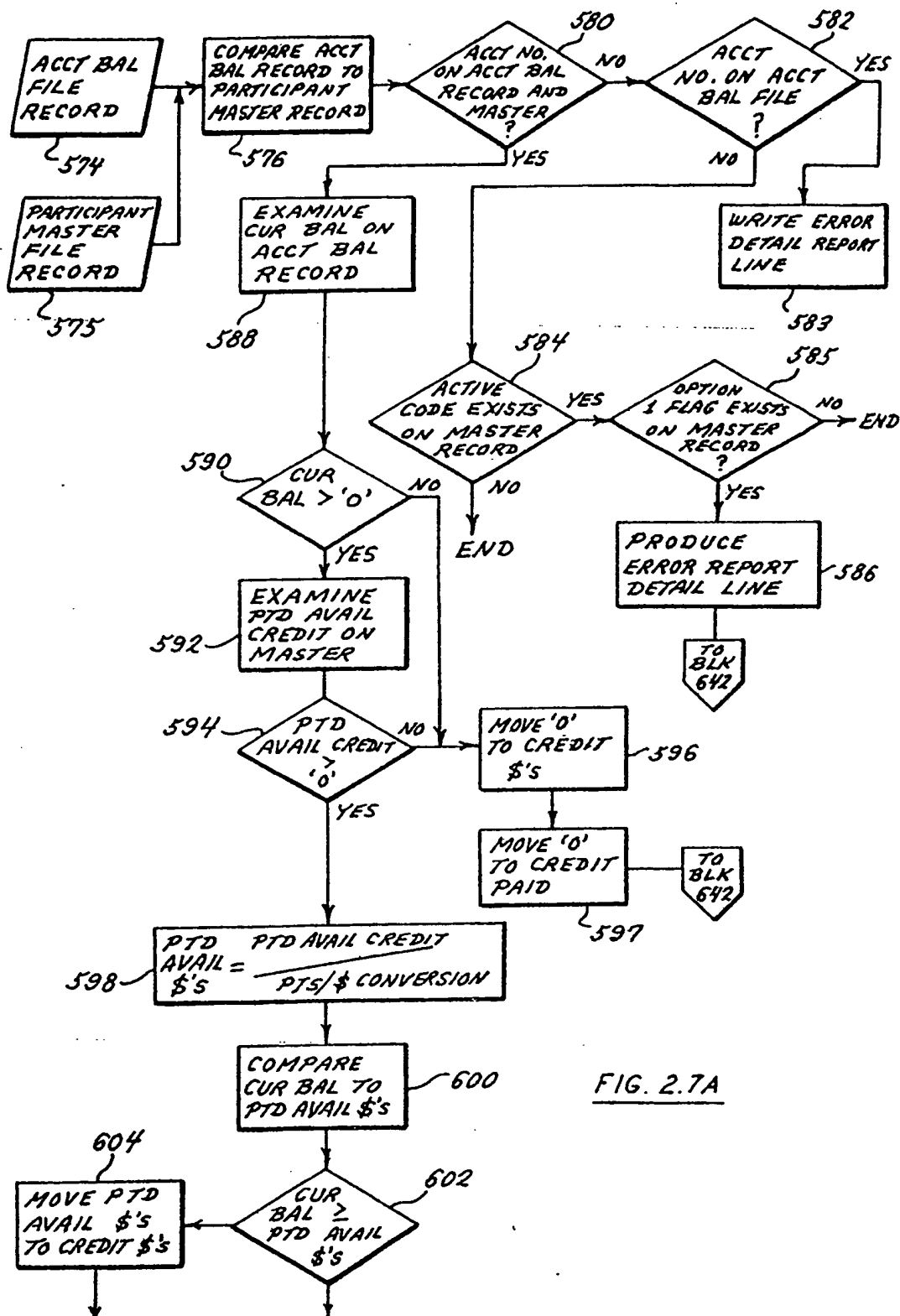
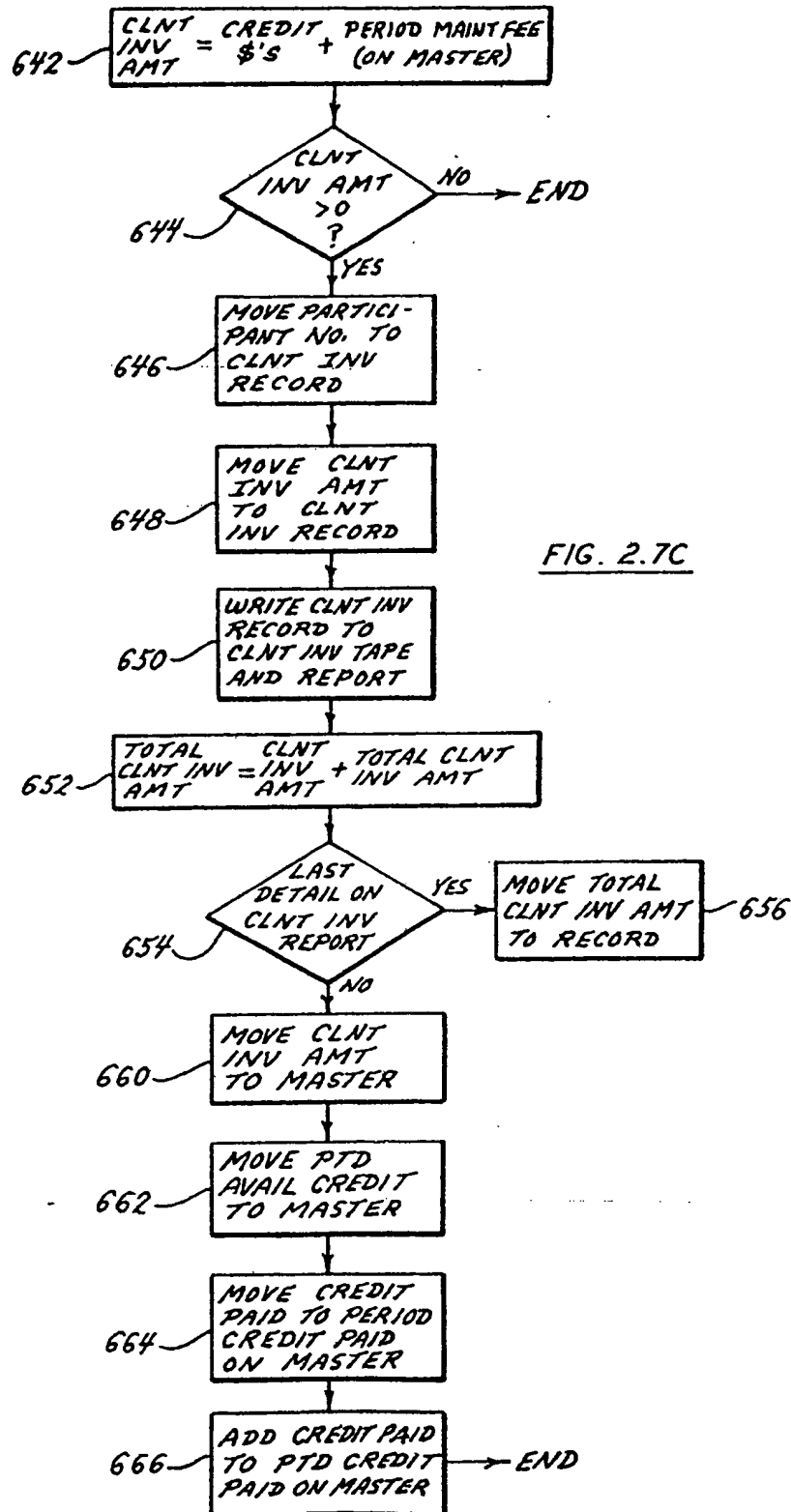
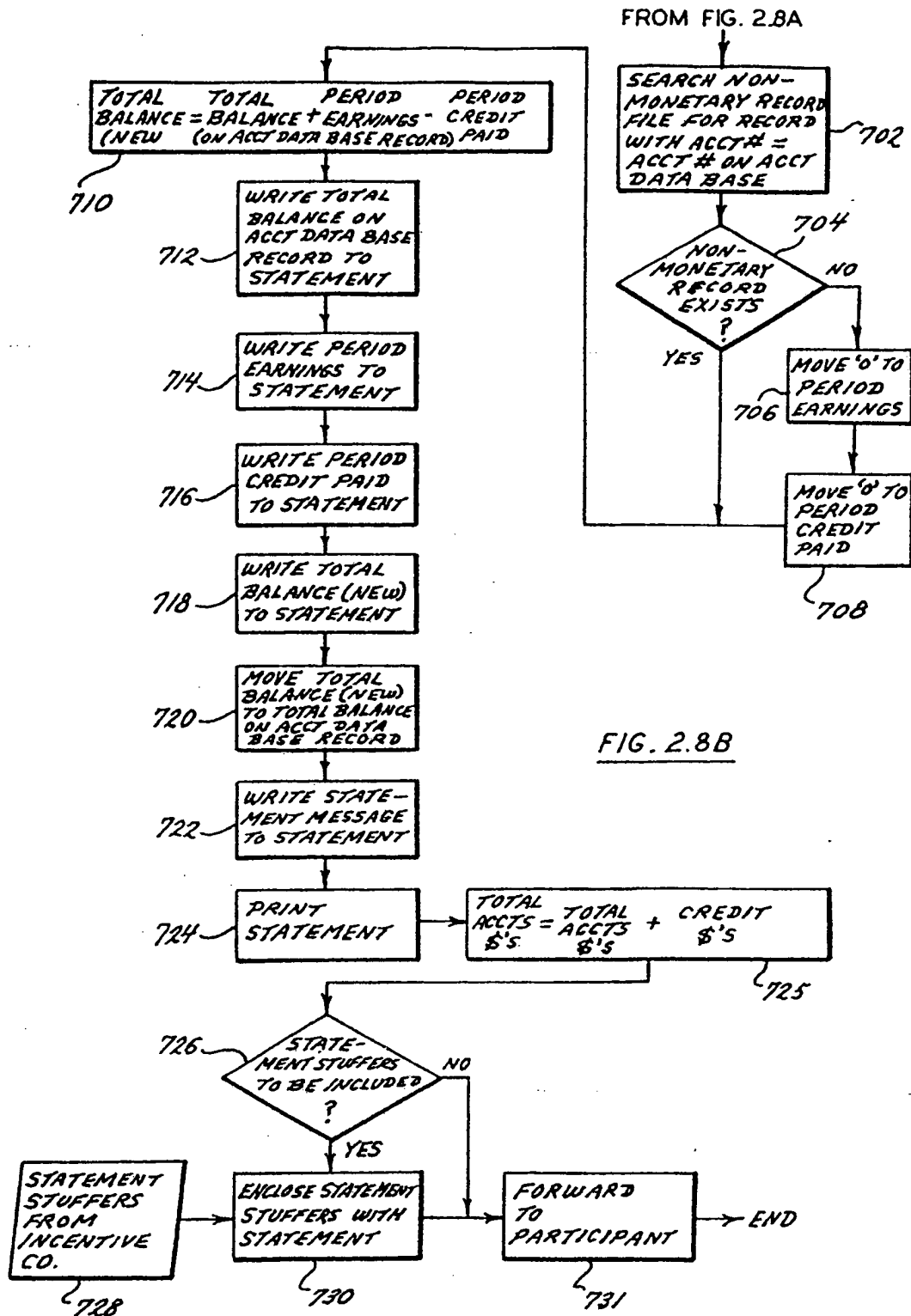


FIG. 2.7A





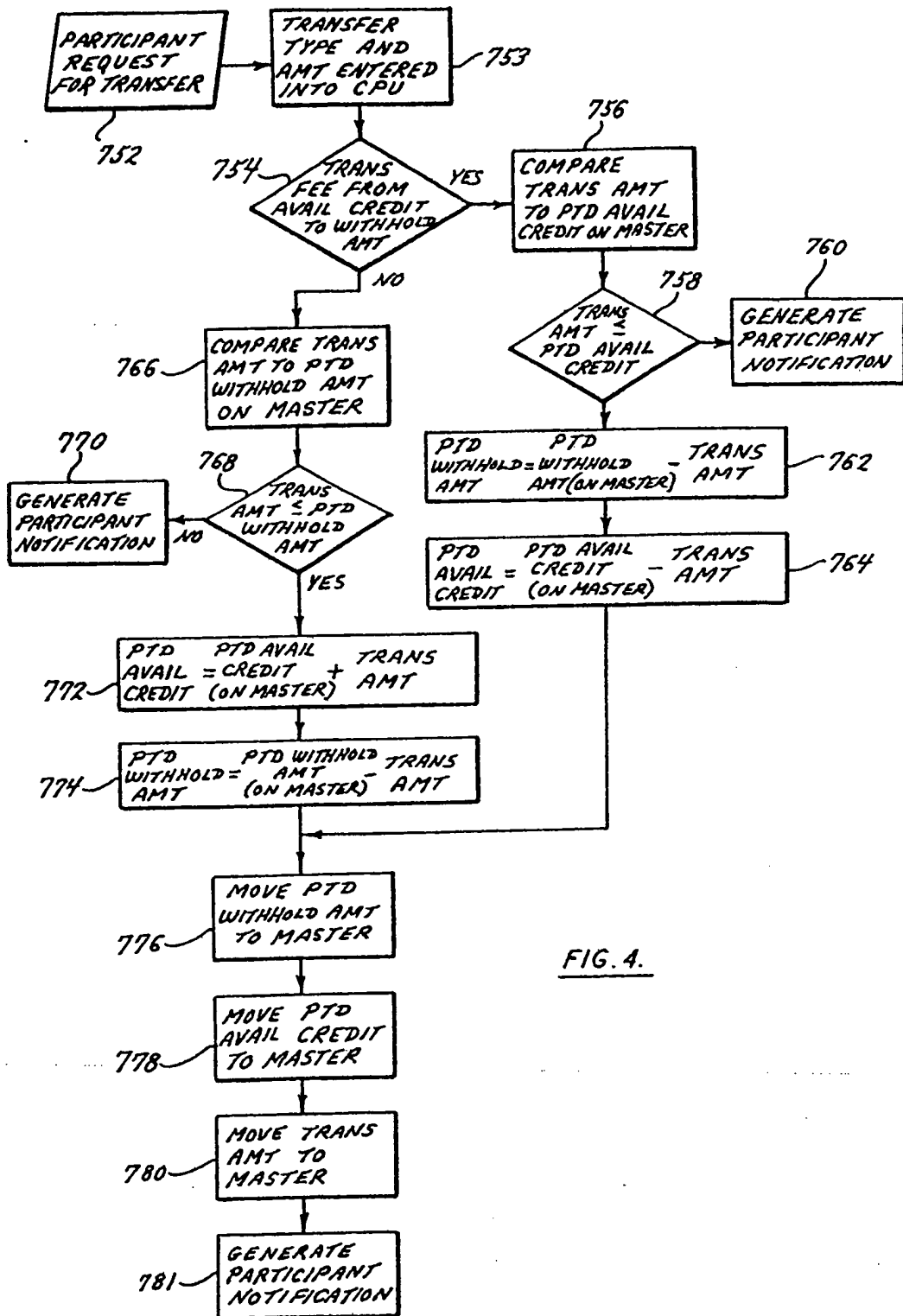


FIG. 4.

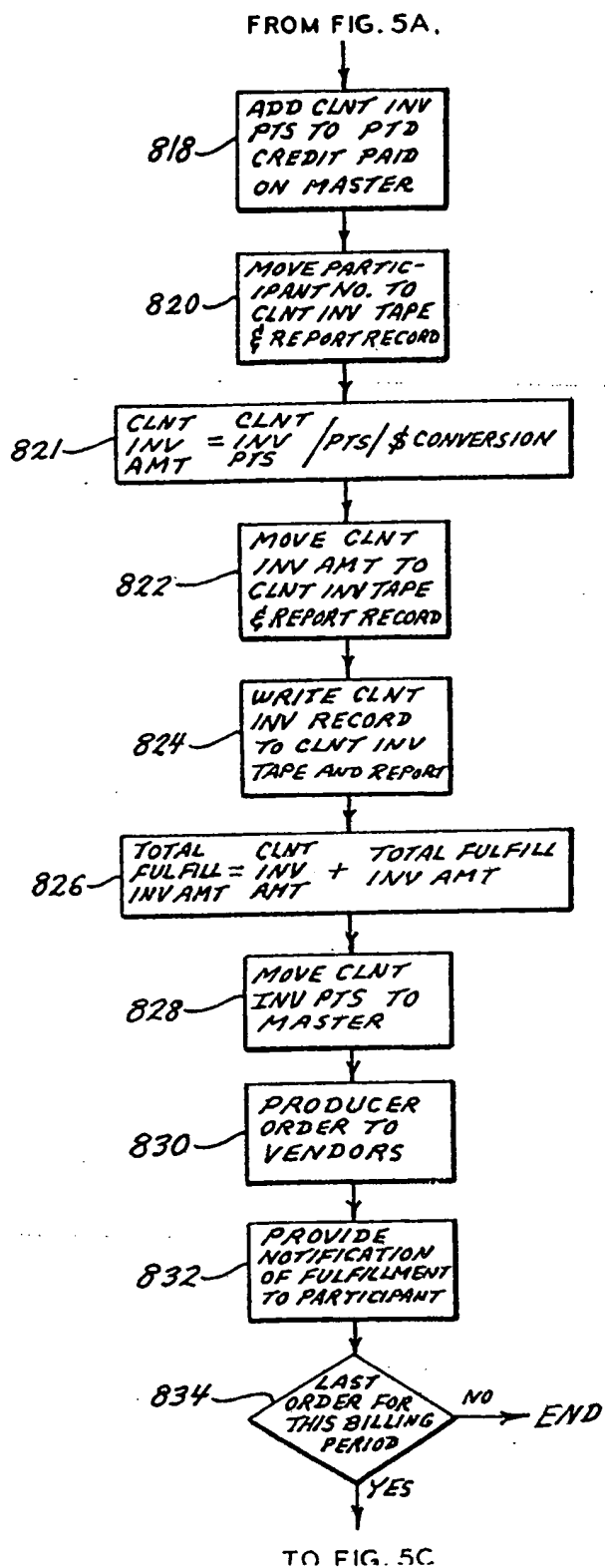


FIG. 5B.